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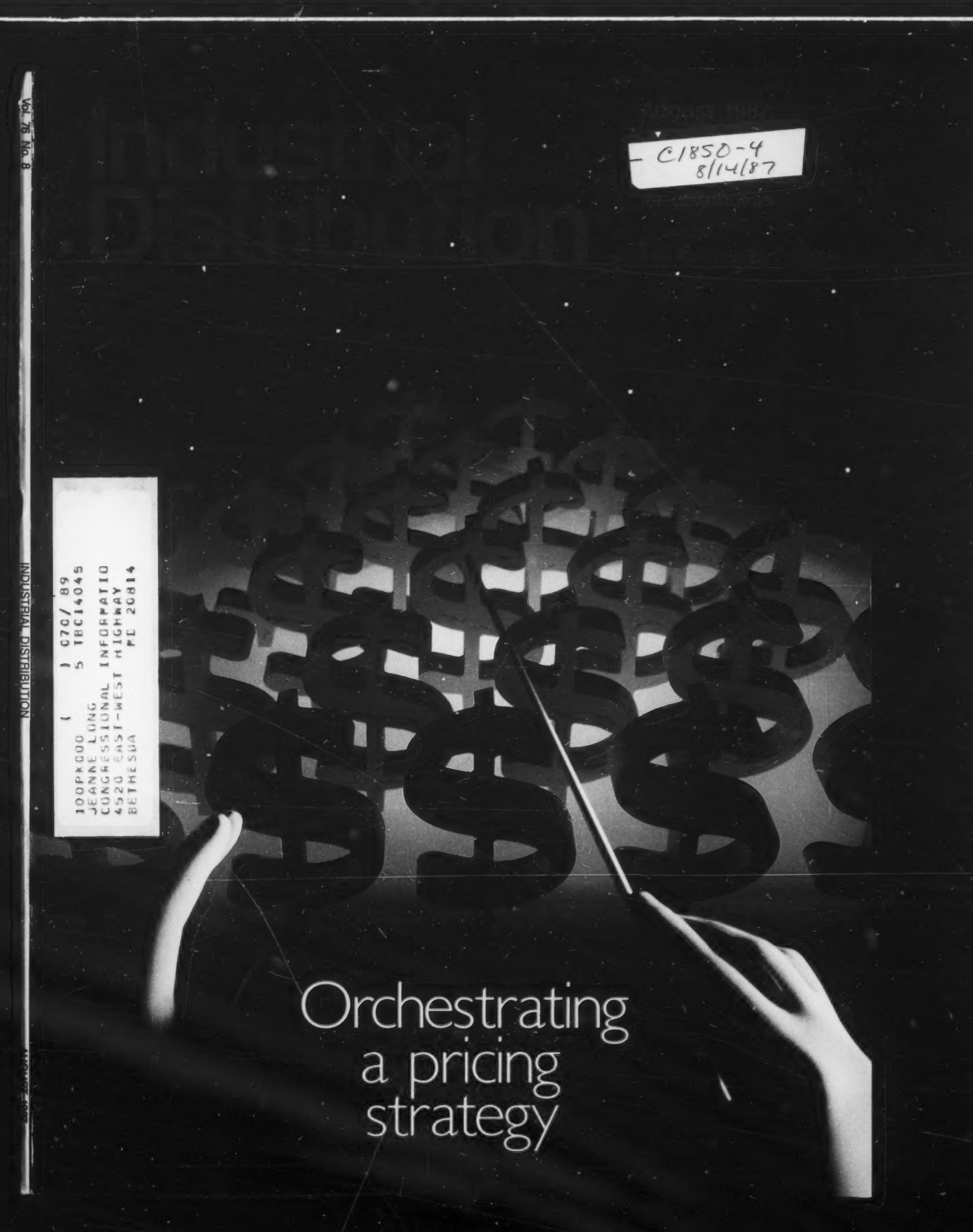
Vol. 76 No. 8
INDUSTRIAL DISTRIBUTION



Orchestrating a pricing strategy

ID Industrial Distribution®

Vol. 76, No. 8/76th yr. A CAHNERS PUBLICATION AUGUST 1987

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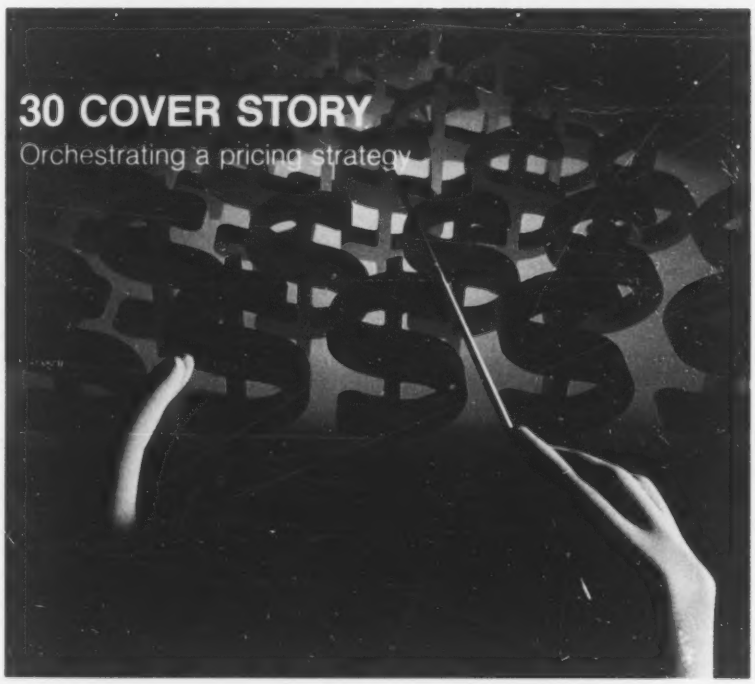

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Indicators . . .

The *NIDA/SIDA Industrial Distribution Index*, which follows the sales of industrial maintenance, repair and operating equipment, experienced a sharp decline in May of 8.1 points, plummeting to 143.0. The four reporting geographic areas also sustained declines: the East was down 9.9 to 132.6; the Midwest was down 8.6 to 117.2; the West was down 0.4 to 176.3; and the South was down 11.3 to 181.5. Overall, the May 1987 number of 143.0 was down 4.2 points from May 1986 . . . The *NIDA/SIDA Industrial Supply Inflation Index* (1977=100) stood at 166.3 for May, up 0.1 points, or a change of 0.1%, over the previous month and down 1.8 points, or a change of 1.1%, from May 1986. . . . *SIDA's Monthly Sales Trend Report* for April showed a decline from the previous month. The 95 reporting locations experienced a 6.7% decrease in sales for April 1987 as compared with March 1987, a 1.0% increase in sales for April 1987 as compared with April 1986, and a 2.5% increase for the first 4 months of the year as compared with last year's first 4 months. In addition, 34 of the association's locations reported increased sales in April 1987 as compared with March 1987, 50 locations reported increases in sales from April 1987 as compared with April 1986, and 43 locations experienced increased sales for the first 4 months of 1987 as compared with the first 4 months of 1986. . . . The *ASMMA Two-Month Moving Average Index of New Orders, seasonally adjusted*, at 123.2, was down 3.7 points from March 1987 . . . The *Federal Reserve Board's Durable Manufacturers Index, seasonally adjusted*, which tracks industrial production of durable goods, was down 0.8 points in April to 128.9.□

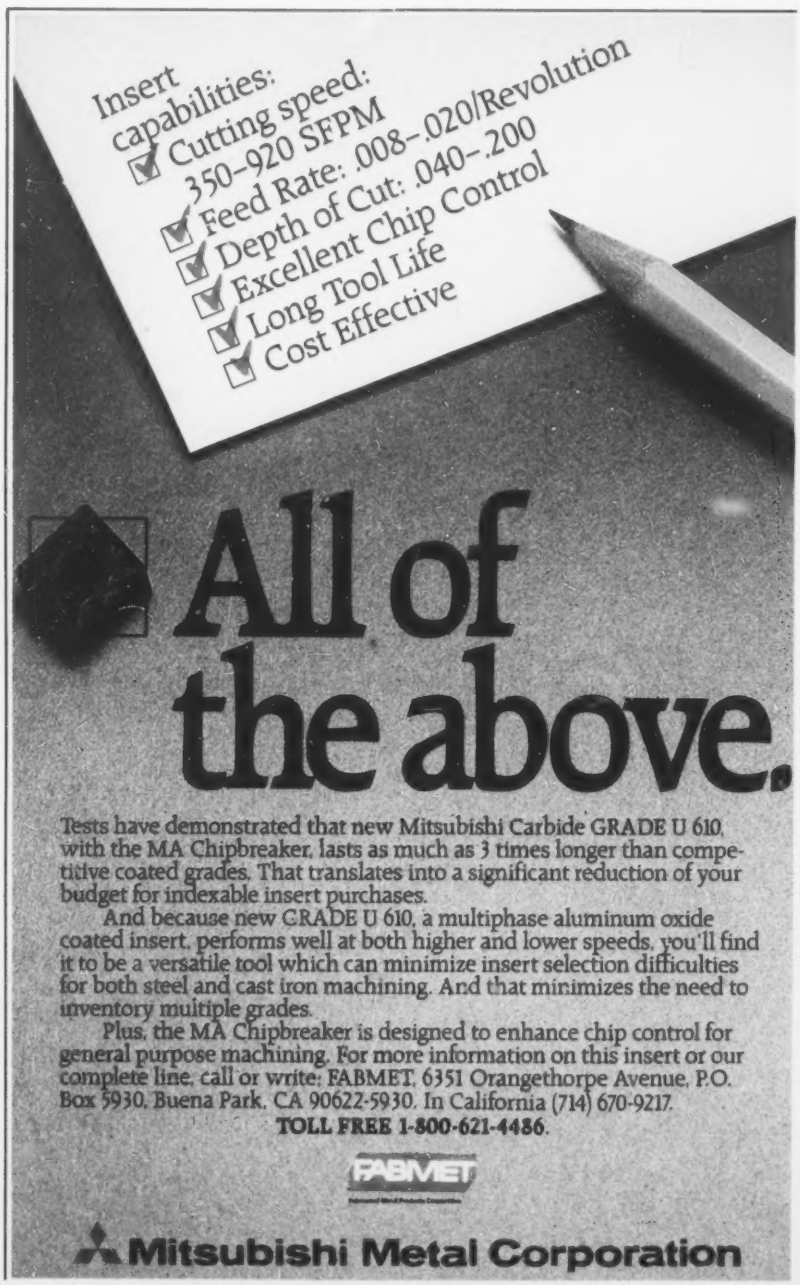
ing capacity. The idea, Bundschuh said, is to create new opportunties for Cushman and distributors by capitalizing on existing assets that are not being used.

The 125-year-old Cushman is the largest plant of its kind in the country as well as one of the oldest continuously operated companies in the country. The firm produces products for the machine tool industry.□

C&B makes move into Tennessee

CHARLESTON, SC—Cameron & Barkley Co. has acquired two Tennessee distributors of power transmission and industrial supplies: Rogers-Bailey & Browning of Chattanooga and Browning Belting & Supply of Knoxville.

Cameron & Barkley began operating the two firms May 1. The


Insert capabilities:
Cutting speed: 350–920 SFPM
Feed Rate: .008–.020/Revolution
Depth of Cut: .040–.200
Excellent Chip Control
Long Tool Life
Cost Effective
All of the above.
Tests have demonstrated that new Mitsubishi Carbide GRADE U 610, with the MA Chipbreaker, lasts as much as 3 times longer than competitive coated grades. That translates into a significant reduction of your budget for indexable insert purchases.
And because new GRADE U 610, a multiphase aluminum oxide coated insert, performs well at both higher and lower speeds, you'll find it to be a versatile tool which can minimize insert selection difficulties for both steel and cast iron machining. And that minimizes the need to inventory multiple grades.
Plus, the MA Chipbreaker is designed to enhance chip control for general purpose machining. For more information on this insert or our complete line, call or write: FABMET, 6351 Orangethorpe Avenue, P.O. Box 5930, Buena Park, CA 90622-5930. In California (714) 670-9217.
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BUSINESS REPORT

Auto slump hurting distributors

Distributors supplying the automobile, steel, glass, and plastics industries are expected to find less demand for their goods during the third quarter of this year. The reason for this, suggests the Federal Reserve Board, is that changes in auto output can affect nearly 30% of quarterly changes in overall economic activity.

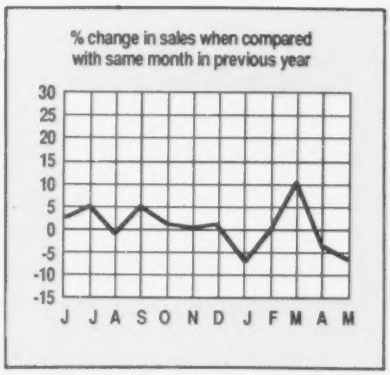
Detroit's problems are rooted in excess inventories accumulated during the first quarter of 1987 and its ensuing effort to correct overproduction. Second, economists note that in recent years Americans have continued to borrow more and save less. As a result, consumers must now replenish their savings before purchasing automobiles and other large-ticket items.

Reflecting this slowdown in auto activity are the East North Central states, which showed sales for general line distributors falling 8% between April and May, and sales for Upstate New York distributors, declining 17% during that same time.

During the past 18 months, explained Robert Marks of the economic consulting firm Siff, Oakley & Marks, car prices have risen faster than family income. Whereas the ratio of average new car prices to median family income stood at 43.5% in 1984, today that figure is 46.9%. To compound this problem, Detroit has been steadily moving its prices upwards under the protective cover of the rising yen.

As a consequence, automobile sales in monthly May comparisons were the worst since the recession of 1982. U.S. sales for all cars, domestic and imported, fell 6.9% to a rate of 7.6 million units for 1987, which will be followed by a scant 2.1% increase to 7.8 million units in'88.

The effects of Detroit's deceleration, conclude analysts, could easily be felt by distributors through the remainder of 1987.—**J. Bonnanzio**



RECEIVABLES*

	May '87 Gen.	May '87 Spec.	vs. May '86 Gen.	May '86 Spec.
New England	45	—	41	—
Middle Atlantic	47	42	47	42
South Atlantic	37	35	36	36
East No. Central	36	36	41	37
East So. Central	35	31	34	32
West No. Central	48	—	43	—
West So. Central	35	37	39	39
Mountain	38	43	36	40
Pacific	35	42	34	45
National	40	38	39	39

*Average days outstanding

SALES BY REGIONS (% change)

	May '87 vs. April '87 Gen.	Spec.	Both	May '87 vs. May '86 Gen.	Spec.	Both	First 5 mos. '87 vs. First 5 mos. '86 Gen.	Spec.	Both
New England: CT, RI, MA, NH, VT, ME	−9	+6	−7	+3	−7	+1	0	−11	−2
Connecticut	−7	−7	−7	−6	−14	−5	−7	+10	−7
Massachusetts	−13	—	—	+16	—	—	+6	—	—
Middle Atlantic: NY, NJ, PA	−8	−5	−6	−4	−4	−4	−8	−5	−6
New York Metropolitan Area	−1	−1	−1	−3	+3	0	−6	−1	−4
Upstate New York	−18	−16	−17	+1	+4	+2	−8	+5	−3
Pennsylvania	−8	−4	−5	−10	−12	−11	−8	−10	−9
So. Atlantic: DE, DC, MD, VA, WV, GA, NC, SC, FL	−3	0	−1	−20	+4	−4	−18	+7	−1
Georgia-Florida	—	+2	—	—	+3	—	—	+7	—
East No. Central: OH, IL, IN, MI, WI	−8	0	−4	−6	−5	−6	−3	−1	−2
Indiana	−5	—	—	−10	—	—	−9	—	—
Wisconsin	−8	+5	−1	−15	+5	−1	+3	+11	+8
Chicago	—	—	—	—	—	—	—	—	—
Michigan	—	−11	—	—	−19	—	—	−13	—
Ohio	−14	—	—	−23	—	—	−18	—	—
East So. Central: AL, MS, KY, TN	−7	−16	−14	+22	+3	+7	+18	+4	+6
West No. Central: MN, ND, SD, IA, NE, KS, MO	−39	—	—	−27	—	—	−2	—	—
West So. Central: AK, LA, OK, TX	−5	+11	+6	−8	+6	+2	−2	−6	−5
Texas	—	−16	—	—	0	—	—	−6	—
Mountain: NM, AZ, CO, UT, NV, WY, MT, ID	+3	−10	−5	+8	—	—	+6	+2	+3
Pacific: CA, OR, WA	−12	−10	−11	−10	−1	−5	−1	+7	+4
LA-San Diego	—	—	—	—	—	—	—	—	—
Oregon-Washington	−14	−3	−9	−13	−1	−7	−7	+6	0
U.S. TOTALS	**−12**	**−2**	**−7**	**−9**	**−1**	**−4**	**−4**	**0**	**−2**